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SUBJECT: PARAGUAY: PRESIDENT'S RANTS STIRS UP RUMORS OF
"AUTOGOLPE"

Classified By: PolCouns James P. Merz; Reasons 1.4(b),(d)

11. (C) President Duarte's leftward tilt in search of popular support continues, stirring rumors he is plotting an "autogolpe" to overcome opposition in Congress. An advisor to the Vice President told us Duarte had intended to invoke special powers authorized in the Constitution to shut down Congress temporarily but that he had been rebuffed by Paraguay's military commander. Meanwhile Vice President Castiglioni faces an uphill battle in his bid for the presidency as the party's regulars close ranks behind Duarte. The Colorado Party's National Convention at the end of April should shed further light on how the race for the Colorado Party candidacy will play out. End Summary.

Duarte's Rhetoric Heating Up and Being Spun Up

12. (U) President Duarte has gone on the offensive over recent weeks blaming soy producers, the press, and the opposition in Congress for the country's ills.

-- In a March 26 radio interview, Duarte accused soy producers of "destroying land and livestock and impoverishing the rural population." Drawing a parallel to the storming of the Bastille in France, Duarte maintained that no one should be surprised if one day the country's "miserable, egotistic soy producers" prompted a rebellion by the impoverished rural population.

-- Duarte used an April 4 speech celebrating the dedication of some 72 houses to low income families in a small town some 25 kilometers outside of Asuncion to lambast the opposition for not responding to the needs of Paraguay's poor. Sharing the dias with Felipe Cabrera -- a leader of a social organization that advocates on behalf of Paraguay's poor but is also rumored to be in the pocket of the Colorado Party -- and speaking to an audience of low income families, Duarte maintained the opposition had sabotaged past efforts to help the poor. He insisted the time was coming soon when "we will have a congressional majority and that Congress will be different because it will work for social justice. The President also discussed expropriating land abandoned by major landholders for five to ten years blaming the opposition for not introducing the necessary legislation to make this happen.

13. (U) ABC Color, Paraguay's most widely-distributed daily newspaper and strong backer of imprisoned coup-plotter Lino

Oviedo, reported extensively Duarte's remarks attacking soy producers and opposition Congressmen as the enemies of the poor. Banner headlines and weekend (April 7-8) editorials raised the spectre of an "autogolpe" based in particular on Duarte's remarks that he would soon reclaim a Congressional majority. (NOTE: The opposition parties retain a significant majority within the Senate. The Colorado Party has no hope of recovering a majority on its own until nationwide elections that will likely be scheduled for April 2008. END NOTE) The paper drew direct parallels to developments within the region in Venezuela, Bolivia, and Ecuador, suggesting Duarte's leftward bent signaled a predisposition to invoke his neighbors' methods. Duarte's Secretary General, Carlos Liseras, scoffed at rumors of an

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"autogolpe," describing them as nothing more than a "journalistic fable created to fill empty space left by the Easter holidays."

Don't Count On Me

14. (C) According to Vice-Presidential advisor Juan Facetti, however, Duarte had actively explored the prospect of invoking a special emergency measure in the Constitution that would have allowed him to close Congress down temporarily to move ahead his reelection bid long stalled due to opposition within the Congress. Facetti told us that Duarte approached Military Commander Bernardino Soto Estigarribia for support but was firmly rebuffed. Reportedly, Soto affirmed his commitment to the Constitution and clearly told the President he could not count on the military's support for any maneuver that would call into question the government's commitment to respect the integrity of the Constitution. Soto is highly regarded for his professionalism and integrity. Based on his discussions with Soto, Post's DAO affirms that there may be some growing friction in Soto's relationship with President Duarte.

Castiglioni Abandoned by Party Chieftains

15. (C) When Vice-President Castiglioni announced his intention to run President on March 23 he had hoped to count on the support of the Colorado Party's Reconciliation Movement. VP Facetti insists the Movement's leader, Sen. Nelson Argana, had already privately pledged his movement's support for Castiglioni. Duarte, however, wasted little time calling Argana in and convincing him to withhold public support for Castiglioni. According to Facetti, Duarte has threatened to release Lino Oviedo -- blamed for the assassination of Argana's father, Vice President Luis Maria Argana in 1999 and the arch-enemy of the Argana family -- and also offered a number of "financial incentives" to gain back Argana's support. Argana told PolCouns April 2 that he regretted Castiglioni's decision to announce so soon. Argana denied rumors, however, that he was selling out and maintained his movement would decide whom to support if and when the President formally gave up his bid for reelection.

16. (C) Meanwhile Duarte has pressured other major party leaders to either reject or remain silent on Castiglioni's bid. Castiglioni is traveling around the country and appealing to voters at the grassroot's level but few major figures have gone public with their support for him. The Party's National Convention scheduled for April 28 will decide on the membership of the Party's Electoral Tribunal. An assembly of the Party's leaders from around the country, it should serve a good barometer of the Vice-President's support within the party's rank and file. As time is running out on the President's chances of pursuing reelection, this assembly should also shed more light on the President's intentions.

17. (C) Comment. Duarte has a record of many irresponsible statements. In a bid to recover terrain perceived as lost to leftist candidate Monsignor Lugo, he has ratched up leftist rhetoric attacking easy and natural targets -- rich soy producers and the opposition in Congress. We cannot be sure

he ever intended to carry out an "autogolpe." On more occasions than not his rhetoric flows from the heart, intended to garner popular support but displaying neither consideration for the implications some might draw nor a plan for effecting his articulated objectives. If he approached Soto with a plan to take extra-constitutional measures, we believe Soto would in deed have rebuffed him. Soto evinces genuine respect for democratic rule and would not want to be perceived as party to an anti-democratic maneuver. End Comment.

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